

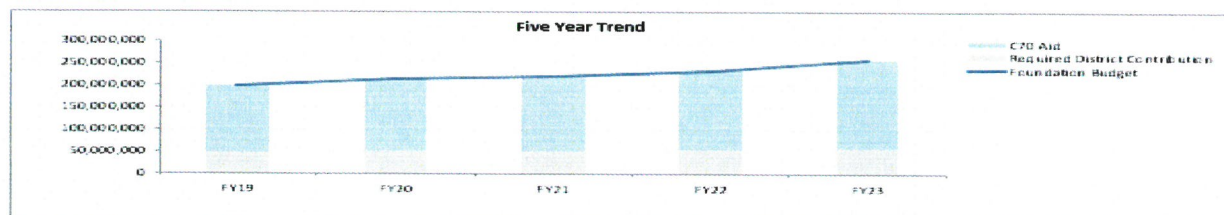


To: Joel Boyd, Superintendent  
 From: Billie Jo Turner, Assistant Superintendent of Finance/CFO  
 RE: City's Contribution to Budget Memo Received  
 Date: March 29, 2022

Attached you will find a budget memo received from the City Manager earlier today. It states that the total proposed single line appropriation support to the Lowell Public Schools in the City budget will be \$213,706,072. This is significantly lower than we anticipated. Per the DESE screenshot below, the required City's contribution has increased by \$2,794,236. Thus, we increased our City Cash line item by this amount in our planning documents resulting in an expected single line appropriation from the City to be \$219,500,308. To be conservative, we level funded City Cash in our presentations to the School Committee while waiting for the City budget letter (which usually comes in February).

#### Comparison to FY22

	FY22	FY23	Change	Pct Chg
Enrollment	16,047	16,103	56	0.35%
Foundation budget	232,660,515	257,876,445	25,215,929	10.84%
Required district contribution	54,112,190	56,906,426	2,794,236	5.16%
Chapter 70 aid	<b>178,553,488</b>	<b>200,970,019</b>	22,416,531	12.55%
Required net school spending (NSS)	232,665,678	257,876,445	25,210,767	10.84%
Target aid share	74.10%	74.16%		
C70 % of foundation	76.74%	77.93%		
Required NSS % of foundation	100.00%	100.00%		



Despite our conservative attempt to level fund the City Cash amount with last year's amount, we are still faced with significant changes to our current budget plans due to a \$3 million reduction to our City Cash rather than the expected increase. This results in a \$5,794,236 reduction from our budget planning documents. Per the screenshot below, you will see that the City is combining our aid from the state with the City cash amount. Thus, the \$22 million increase to Chapter 70 overshadows the \$3 million reduction to Cash which could be misleading when

shared since it shows an increase on this single line appropriation shared in the City budget (despite the reduction to LPS).

Comparison of FY21/22 and FY22/23 Finances				
	<u>FY21/22 Projected</u>	<u>FY22/23 Anticipated</u>	<u>FY22/23 Updated</u>	<u>Change From Anticipated</u>
Revenue Sources:				
Chapter 70 State Aid	\$ 178,548,325.00	\$ 200,970,019.00	\$ 200,970,019.00	\$ -
City Cash (Required Minimum Contribution)	\$ 15,736,053.00	\$ 18,530,289.00 **	\$ 12,736,053.00	\$ (5,794,236.00) ***
ESSER Grants (Amt varies depending on yea	\$ 9,368,000.00	\$ 29,081,187.00	\$ 29,081,187.00	\$ -
Other Grants (ESSA, SPED, Adult Ed, etc)	\$ 11,534,664.00	\$ 11,534,664.00	\$ 11,534,664.00	\$ -
Offsets by Revolving Accounts	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ -
	<u>\$ 220,187,042.00</u>	<u>\$ 265,116,159.00</u>	<u>\$ 259,321,923.00</u>	<u>\$ (5,794,236.00)</u>
Expenditures				
	<u>\$ 220,187,042.00</u>	<u>\$ 265,116,159.00</u>	<u>\$ 259,321,923.00</u>	<u>\$ (5,794,236.00)</u>
** The City is required to increase their Required Minimum Contribution by \$2,794,236. If this amount is given to us as cash, we will increase our cash from the City thus increasing our overall budget. *** The change column is showing the difference between the FY22/23 Anticipated and the FY22/23 Updated. The \$5.794 million loss is how much we lost based on our assumption that we would get the \$2.794 million increase to required City contribution. If we calculate the loss on what we actually received from the City in cash last year, it would be a loss of \$3 million.				



Eileen M. Donoghue  
City Manager

Dr. Joel Boyd, Superintendent of Schools  
Lowell Public School Central Administration  
155 Merrimack Street  
Lowell, MA 01852

Mr. Superintendent,

As we near the close of the third quarter of the fiscal year, I write to update you of the ongoing preparations for the City of Lowell's FY2023 budget. My finance department has recently informed me that the Department of Elementary and Secondary Education ("DESE") has published the official compliance report for the district's spending requirements in FY2021. I am pleased to report to you, as well as to the City Council that the City of Lowell exceeded the Commonwealth's "net school spending" requirement for FY21 by \$6.5 million. This figure is a true demonstration of the City Council's commitment to education funding, which is especially notable amongst gateway cities.

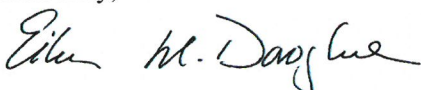
Education has always been a pillar of my Administration and a priority for the Lowell City Council. The Governor's budgeted proposal for FY2023 increased the Chapter 70 allocation for Lowell by over \$22.4 million. This increase and proposed level of funding for the Lowell Public School District is historic and a direct result of the Student Opportunity Act ("SOA"). This, along with the three rounds of federal Elementary and Secondary School Emergency Relief ("ESSER") funding will allow the district to focus resources towards the approximately 14,000 students in the city's schools.

The City has consistently maintained a level of funding above the required spending level for many years. While our commitment to education will always be a priority, in order to address the city's ageing buildings—including the schools—some funding in FY2023 must be reallocated elsewhere, such as in the DPW, to confront the problems with infrastructure caused by years of deferred maintenance.

In the FY2023 Annual Budget for the City of Lowell, the total proposed single line appropriation support to the Lowell Public Schools in will be \$213,706,072. This figure, however, does not take into account the approximately \$52 million in costs to support the district funded by the city budget, nor the aggressive capital investment campaign in the schools. According to DESE's report, if the city were to level-fund the schools from the tax levy, the district would again exceed the net school spending requirement by approximately \$3.4 million.

It is my sincere hope that this information will be useful to the School Department for budgeting purposes as you plan for the 2022-2023 school year. It must be noted that the amount of Chapter 70 funding from the Commonwealth is subject to further deliberation as it makes its way through the legislative process. The total appropriation to the schools could increase or decrease, proportionally to any decrease to the amount in the final budget approved by the state.

Sincerely,



Eileen M. Donoghue  
City Manager

Cc: Mayor Sokhary Chau and Members of the Lowell City Council

Massachusetts Department of Elementary and Secondary Education  
Office of School Finance  
Chapter 70 Net School Spending Compliance, FY21

March 2022

**Lowell**

	School Committee	City/Town	Total
1 Administration (1000)	8,361,570	1,587,158 *	9,948,728
2 Instruction (2000)	133,197,831	0 *	133,197,831
3 Attendance-Health (3100, 3200)	1,084,540	1,557,259 *	2,641,799
4 Food Services (3400)	0	0	0
5 Athletics/Student Activities/Security (3500, 3600)	1,697,094	382,969	2,080,064
6 Maintenance (4000)	7,036,269	4,435,216 *	11,471,486
7 Employer Retirement Contributions (5100)	1,448,737	8,228,325	9,677,062
8 Insurance (5200)	13,843,866	3,605,363	17,449,228
9 Retired Employee Insurance (5250)	0	7,815,857	7,815,857
10 Rentals (5300)	552,672	0 *	552,672
11 Short Term Interest (5400)	0	70,312	70,312
12 Tuition (9000)	6,111,583	26,451,212	32,562,795
13 Total School Spending (lines 1 through 12)	173,334,162	54,133,671	227,467,833
14 FY21 School Revenues			
14a) FY21 School Revenues *	0	0	0
14b) FY21 Charter Reimbursement	0	2,177,196	2,177,196
14c) Subtotal, School Revenues (14a + 14b)	0	2,177,196	2,177,196
<b>15 FY21 Net School Spending (13 - 14)</b>	<b>173,334,162</b>	<b>51,956,476</b>	<b>225,290,638</b>
16 FY21 Chapter 70 Required Net School Spending			218,763,251
17 Carryover from FY20			0
<b>18 Total FY21 Net School Spending Requirement (16 + 17)</b>			<b>218,763,251</b>
19 Shortfall in Net School Spending (15 - 18)			0
20 Carryover/Penalty Calculation, Percent Unexpended (19 / 16)			0.0%
21 FY21 Carry-Over into FY22 (Line 19 or 5% of line 16)			0
22 Penalty (19 - 21)			0

\* Budgeted amounts as reported on FY20 End of Year Pupil and Financial Report, Schedule 19

**Massachusetts Department of Elementary and Secondary Education**  
**Office of School Finance**  
**Chapter 70 Net School Spending Compliance, Budgeted FY22**

**Lowell**

	School Committee	City/Town	Total
1 Administration (1000)	5,202,260	1,551,106	6,753,366
2 Instruction (2000)	142,031,983	0	142,031,983
3 Attendance-Health (3100, 3200)	1,074,068	1,828,493	2,902,561
4 Food Services (3400)	0	0	0
5 Athletics/Student Activities/Security (3500, 3600)	1,856,826	382,969	2,239,795
6 Maintenance (4000)	5,555,620	4,808,797	10,364,417
7 Employer Retirement Contributions (5100)	1,110,000	8,228,325	9,338,325
8 Insurance (5200)	19,187,192	3,605,363	22,792,555
9 Retired Employee Insurance (5250)	0	7,815,857	7,815,857
10 Rentals (5300)	552,672	0	552,672
11 Short Term Interest (5400)	0	0	0
12 Tuition (9000)	5,872,241	30,579,876	36,452,117
13 FY22 Budgeted School Spending (lines 1 through 12)	182,442,862	58,800,785	241,243,647
14 FY22 Budgeted School Revenues			
14a) FY22 Budgeted School Revenues	0	0	0
14b) FY22 Charter Reimb (local districts)	0	5,189,049	5,189,049
14c) Subtotal, NSS Revenues (36a + 36b)	0	5,189,049	5,189,049
<b>15 FY22 Net School Spending (13 - 14)</b>	<b>182,442,862</b>	<b>53,611,737</b>	<b>236,054,599</b>
16 FY22 Chapter 70 Required Net School Spending			232,665,678
17 Carryover from FY21			0
<b>18 Total FY22 Requirement (16 + 17)</b>			<b>232,665,678</b>
19 Shortfall in Budgeted FY22 Net School Spending (15 - 18)			0
20 Carryover/Penalty Calculation, Percent Unexpended (19 / 16)			0.0%